

REDACTED – FOR PUBLIC INSPECTION



**VIA ECFS**

June 22, 2017

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Room TW-A325  
Washington, DC 20554

RE: **Dobson Telephone Company, SAC 431988**  
**Submission of FCC Form 481 Annual Report**  
**WC Docket No. 14-58 - ETC Annual Reports and Certifications**

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Dobson Telephone Company ("the Company"), Study Area Code 431988, hereby files its FCC Form 481 – Carrier Annual Reporting Data Collection Form. *The version of the Company's FCC Form 481 submitted via the FCC's Electronic Comment Filing System (ECFS) is a redacted version of the filing that contains no confidential information.*

Section 3005 of FCC Form 481 requires privately-held rate-of-return carriers receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Dobson Telephone Company, by its authorized representative, hereby seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.<sup>1</sup> The *Protective Order* specifically covers the information required by 47 C.F.R. §54.313(f)(2).

Dobson Telephone Company is providing to the Office of the Secretary, under seal, this cover letter and the FCC Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

T (972) 387-4300  
F (972) 960-2810

8750 N. Central Expressway  
Suite 300  
Dallas, TX 75231

Assurance, tax, and consulting offered through  
Moss Adams LLP. Wealth management offered through  
Moss Adams Wealth Advisors LLC. Investment banking  
offered through Moss Adams Capital LLC.

<sup>1</sup> *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, *Protective Order*, 31 FCC Rcd 2089 (2016).

Each page of the Company's financial annual report and the financial summary page on the FCC Form 481 bear the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

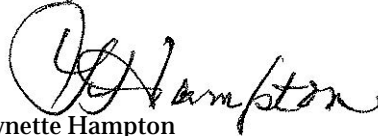
In the filing submitted via the ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

The FCC Form 481 has also been filed with the Universal Service Administrative Company and with the relevant state commissions and Tribal governments, as appropriate.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Hampton", written over a circular stamp or seal.

Lynette Hampton  
Authorized Representative for  
Dobson Telephone Company

LH/kr

Attachments

cc: Mr. Trent LeForce, Dobson Telephone Company

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	431988
<015>	Study Area Name	DOBSON TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Trent LeForce
<035>	Contact Telephone Number: Number of the person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	tleforce@dobson.net
	Form Type	54.313 and 54.422

<010>	Study Area Code	431988
<015>	Study Area Name	DOBSON TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Trent LeForce
<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

<210> For the prior calendar year, were there any reportable voice service outages? No

**(300) Unfulfilled Service Request  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

&lt;300&gt; Unfulfilled service request (voice)

0

&lt;310&gt; Detail on attempts (voice)

Name of Attached Document

&lt;320&gt; Unfulfilled service request (broadband)

0

&lt;330&gt; Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	431988
<015>	Study Area Name	DOBSON TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Trent LeForce
<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	431988
<015>	Study Area Name	DOBSON TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Trent LeForce
<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
431988OK510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

<b>(600) Functionality in Emergency Situations</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

<010>	Study Area Code	431988
<015>	Study Area Name	DOBSON TEL CO
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<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	431988OK610.pdf



FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819

<039> Contact Email Address - Email Address of person identified in data line <030> tleforce@dobson.net

1/1/2017

17.85

-- See attached worksheet

<010>	Study Area Code	431988
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<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

-- See attached worksheet --

**(800) Operating Companies  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	431988
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<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net
<810>	Reporting Carrier	Dobson Telephone Company, Inc.
<811>	Holding Company	Dobson Technologies, Inc.
<812>	Operating Company	Dobson Telephone Company, Inc.

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

 <900> Does the filing entity offer tribal land services? (Y/N) Yes

&lt;910&gt; Tribal Land(s) on which ETC Serves

Cheyenne-Arapaho Tribes

&lt;920&gt; Tribal Government Engagement Obligation

431988OK920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 431988OK1010.pdf

---

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 431988OK1030.pdf

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Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	431988
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<030>	Contact Name - Person USAC should contact regarding this data	Trent LeForce
<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

&lt;1100&gt; Certify whether terrestrial backhaul options exist (Y/N)

Yes

&lt;1130&gt; Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

431988OK1210.pdf

Name of Attached Document

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

<010>	Study Area Code	431988
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<030>	Contact Name - Person USAC should contact regarding this data	Trent LeForce
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<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information



**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing  
Required Information

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

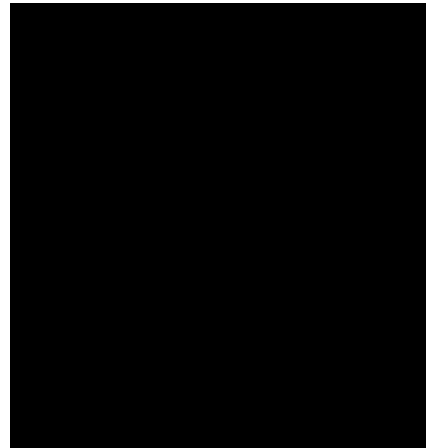
(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		431988OK3010.pdf
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
	If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
	If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	431988OK3026.pdf

<b>(3005) Rate Of Return Carrier Additional Documentation (Continued)</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	t.leforce@dobson.net

**Financial Data Summary**

- (3027) Revenue
- (3028) Operating Expenses
- (3029) Net Income
- (3030) Telephone Plant In Service(TPIS)
- (3031) Total Assets
- (3032) Total Debt
- (3033) Total Equity
- (3034) Dividends



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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	431988
<015> Study Area Name	DOBSON TEL CO
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<039> Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Moss Adams LLP</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>Moss Adams LLP</u>
Name of Reporting Carrier:	<u>DOBSON TEL CO</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/21/2017</u>
Printed name of Authorized Officer:	<u>Trent LeForce</u>
Title or position of Authorized Officer:	<u>CFO</u>
Telephone number of Authorized Officer:	<u>4052420336 ext.</u>
Study Area Code of Reporting Carrier:	<u>431988</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>DOBSON TEL CO</u>
Name of Authorized Agent Firm:	<u>Moss Adams LLP</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/21/2017</u>
Name of Authorized Agent Employee:	<u>Lynette Hampton</u>
Title or position of Authorized Agent or Employee of Agent	<u>Consulting Manager</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>5126527725 ext.</u>
Study Area Code of Reporting Carrier:	<u>431988</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

<b>(700) Price Offerings including Voice Rate Data</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<015>	Study Area Name	DOBSON TEL CO
-------	-----------------	---------------

<020>	Program Year	2018
-------	--------------	------

<030>	Contact Name - Person USAC should contact regarding this data	Trent LeForce
-------	---	---------------

<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
-------	---	-----------------

<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net
-------	---	---------------------

1/1/2017

17.85
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	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100



<b>(710) Broadband Price Offerings</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	431988
<015>	Study Area Name	DOBSON TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Trent LeForce
<035>	Contact Telephone Number - Number of person identified in data line <030>	4052420336 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tleforce@dobson.net

[illegible]

<b>(800) Operating Companies</b>	FCC Form 481
<b>Data Collection Form</b>	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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## **LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Dobson Telephone Company (“the Company”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Company operates are outlined in its local exchange tariff, which is approved by the Oklahoma Corporation Commission (“OCC”). The tariff contains provisions regarding the Company’s customer service and protection practices.

Service quality standards for voice service are established by the OCC. The Company consistently meets or exceeds those standards and provides reports to the OCC, in accordance with the OCC’s rules.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Company. The Company also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require the Company to publicly disclose information regarding its network management practices, performance, and the commercial terms of its broadband services.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011).

## **LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

Dobson Telephone Company (“the Company”) is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company’s ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

## **LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION**

The service area of Dobson Telephone Company (“the Company”) includes Tribal lands in Oklahoma. The Company sent letters via U.S. Postal Service Certified Mail to the Cheyenne-Arapaho tribes in Oklahoma. The letters were addressed to the Governor of the Cheyenne-Arapaho Tribes. Each letter invited the Tribal government to contact the Company to schedule a meeting to discuss Tribal needs assessment and deployment planning; feasibility and sustainability planning; methods of marketing services in a culturally sensitive manner; rights-of-way and other permitting and review processes; and compliance with Tribal business and licensing requirements.

The following paragraphs provide details of the Company’s attempts to engage in discussions with the Tribal government.

On January 7, 2016, the Company sent a letter via U.S. Postal Service Certified Mail to the Governor of the Cheyenne-Arapaho Tribes requesting a meeting to discuss the communications needs of the Tribal community. The Company received no response to the letter.

On July 21, 2016, the Company sent a letter via U.S. Postal Service Certified Mail to the Governor of the Cheyenne-Arapaho Tribes noting the letter was a second request for a meeting to discuss the communications needs of the Tribal community. The Company received no response to the letter.

By the end of 2016, the Company had not been contacted by any representative of the Tribal government.



January 7, 2016

Governor Eddie Hamilton  
Cheyenne & Arapaho Tribes  
P.O. Box 167  
Concho, OK 73022

Re: Tribal Government Engagement Obligations under the FCC's Rules & Orders for all Eligible Telecommunication Carriers (ETC's)

Dear Governor:

I am sure you are aware of the FCC's requirement that all ETC's must engage in "Meaningful Dialog" with each of the Tribal governments within the ETC's established serving area. The goal of this engagement process is to ensure the effective exchange of information between the Tribal governments and communication providers concerning the deployment and improvement of communication services on Tribal lands.

The Federal Communications Commission (FCC) in coordination with the Office of Native Affairs and Policy (ONAP) has provided guidance to assist both Tribal governments and telecommunications providers in this engagement process. This guidance lists a minimum of five areas that should be addressed during the initial engagement process.

Those areas are:

- a) Needs Assessment & Deployment Planning
- b) Feasibility and sustainability planning
- c) Marketing services in a culturally sensitive manner
- d) Right-of- Way and other permitting and review processes
- e) Compliance with Tribal Business and licensing requirements

This tribal engagement obligation represents an opportunity for Tribal governments and communications providers to coordinate on many issues critical to the deployment and adoption of communication technologies on Tribal lands. To facilitate the process I would recommend as the next step an on-site meeting with the required staff of each entity. During this initial "kick-off" meeting Dobson Telephone Company will include management personnel with decision making authority. Subsequent follow-up meetings/correspondence will include management and sales and marketing personnel as needed.

Dobson Telephone Company is committed to the success of this project and looks forward to working with you and your staff.

Please contact me directly at (405)964-8121 or by email at [dean.hill@dobsontechnologies.com](mailto:dean.hill@dobsontechnologies.com) to discuss a proposed date and location for a kick-off meeting. If you plan to have members of your staff coordinate this effort on your behalf, please notify me with the names and point of contact information at your earliest convenience.

Sincerely,

*R. Dean Hill*

R. Dean Hill  
General Manager  
Dobson Telephone Company

cc: File



July 21, 2016

Governor, Eddie Hamilton  
Cheyenne & Arapaho Tribes  
P.O. Box 167  
Concho, OK 73022-0167

Re: 2<sup>nd</sup> Request for a meeting to discuss the communication needs of your Tribal community as required under the FCC's Rules & Orders for all Eligible Telecommunication Carriers (ETC's)

Dear Governor:

On behalf of Dobson Telephone Company we want to make sure that the communication needs of your Tribal members and all institutions operated by your nation are being met. In order to accomplish this I would like to have a meeting with you or others you may designate to discuss a needs assessment and deployment plan for the communication needs of your Tribal members and Tribal government institutions. The goal of this of this initial meeting is to ensure the effective exchange of information between the Tribal governments and communication providers concerning the deployment and improvement of communication services on Tribal lands.

To assist in this process the Federal Communications Commission (FCC) in coordination with the Office of Native Affairs and Policy (ONAP) has provided guidance to assist both Tribal governments and telecommunications providers in this engagement process. This guidance lists a minimum of five areas that should be addressed during the initial engagement process.

Those areas are:

- a) Needs Assessment & Deployment Planning
- b) Feasibility and sustainability planning
- c) Marketing services in a culturally sensitive manner
- d) Right-of-Way and other permitting and review processes
- e) Compliance with Tribal Business and licensing requirements

This initial meeting and any follow-up meetings represent an opportunity for Tribal governments and communications providers to coordinate on many issues critical to the deployment and adoption of communication technologies on Tribal lands.



Dobson Telephone Company is committed to meeting all your communication needs and looks forward to working with you and your staff.

I would like to schedule a meeting at your earliest convenience. Please feel free to contact me by email at [TLeForce@dobson.net](mailto:TLeForce@dobson.net) to discuss a proposed date and location for a kick-off meeting.

If you feel Dobson Telephone Company is meeting all your current and future communication needs and do not wish to meet at this time then please let me know. I respectfully request that any correspondence indicating that all needs are being met be either by US mail or e-mail to the address listed above. As always as communication needs change Dobson Telephone Company is committed to assist as needed.

Sincerely,



Trent LeForce  
Chief Financial Officer  
Dobson Technologies  
14101 Wireless Way, Suite 300  
OKC, OK 73134

405.242.0336 o

jfs

cc: File

## **LINE 1010 – VOICE SERVICES RATE COMPARABILITY**

The Wireline Competition Bureau's 2017 reasonable comparability benchmark for voice services is \$49.51, which includes the federal subscriber line charge ("SLC").<sup>1</sup>

In all of the exchanges served by Dobson Telephone Company ("the Company"), the single-line residential local rate in effect as of January 1, 2017, including any mandatory extended area service charge, was \$17.85. When the federal SLC (\$6.50) is included, the rate was \$24.35. Therefore, the Company's pricing of fixed voice services is less than the reasonable comparability benchmark of \$49.51.

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90,32 FCC Rcd 1358 (2017).

## **LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY**

As of January 1, 2017, Dobson Telephone Company was charging a residential rate of \$39.95 for broadband providing 10 Mbps download/.5 Mbps upload, and an unlimited usage allowance. This rate is considerably lower than \$77.98, which is the 2017 reasonable comparability benchmark established by the Wireline Competition Bureau for 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance.<sup>1</sup>

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

## **LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS**

Dobson Telephone Company (“the Company”) offers qualified Lifeline subscribers the federal discount of \$9.25 from the price of single-line basic local exchange service on non-tribal lands.

In all exchanges served by the Company, the Lifeline rate for single-line residential voice service on non-tribal lands, including any mandatory extended area service charge and the federal subscriber line charge, is \$15.10 (\$24.35 less the \$9.25 discount).

For qualified Lifeline customers residing on tribal lands, the Company offers a federal Lifeline credit of up to \$34.25. The Tribal Lifeline credit cannot exceed the total of the subscriber residential local exchange rate.

Local exchange service includes an unlimited number of local calling minutes. Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer’s choosing. Customers may elect to subscribe to toll restriction at no charge.

The Company does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Company reserves the right to implement toll restriction, at no charge, if the customer incurs a significant balance of unpaid toll bills.

Lifeline Program reductions do not apply to additional services such as custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Lifeline customers may subscribe to any residential voice telephony service package that is generally available to the public and will receive the applicable Lifeline discount off the regular price of the package.

**LINE 3010 –CERTIFICATION OF PUBLIC INTEREST OBLIGATIONS**

Dobson Telephone Company (“the Company”) hereby certifies that it has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service were met within a reasonable amount of time.

The following 2016 Financial Statements and Supplementary Information with Independent Auditor's Report contains combined financial information for:

Dobson Telephone Company, Inc.      Study Area Code 431988

McLoud Telephone Company              Study Area Code 432006

# **DOBSON TECHNOLOGIES, INC.**

## **CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**As of December 31, 2016 and 2015  
With Independent Auditor's Report**

**DOBSON TECHNOLOGIES, INC.  
OKLAHOMA CITY, OKLAHOMA**

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## Independent Auditor's Report

The Board of Directors  
Dobson Technologies, Inc.  
Oklahoma City, Oklahoma

We have audited the accompanying consolidated financial statements of Dobson Technologies, Inc. (an Oklahoma corporation), which comprise the balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

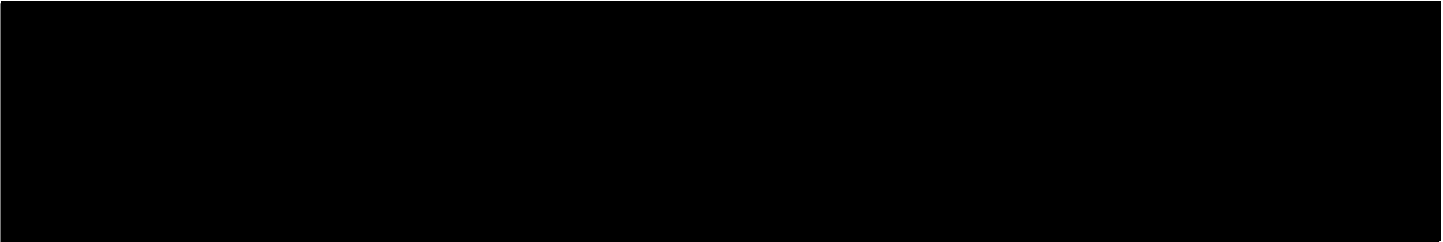
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dobson Technologies, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note 1 to the financial statements, the Company changed its classification of deferred income taxes. Our opinion is not modified with respect to that matter.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The comparative balance sheets, statements of operations, and cash flows on pages 21 through 25, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Curtis Blakely & Co., P.C.*  
Longview, Texas

April 28, 2017

**DOBSON TECHNOLOGIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
December 31, 2016 and 2015

<b>Assets</b>		
	<u>2016</u>	<u>2015</u>
<b>Current Assets:</b>		
Cash and cash equivalents		
Telecommunications accounts receivable		
(net of allowance for doubtful accounts		
of \$73,300 and \$85,606)		
Other receivables		
Accrued unbilled revenue		
Income taxes refundable		
Materials and supplies		
Prepaid expenses		
<b>Total Current Assets</b>		
<b>Property, Plant, and Equipment:</b>		
Plant in service		
Plant under construction		
<b>Total Property, Plant, and Equipment</b>		
<b>Less: Accumulated depreciation</b>		
<b>Net Property, Plant, and Equipment</b>		
<b>Noncurrent Assets:</b>		
Investment in hedge fund portfolio		
Other investments		
Deferred charges		
Deferred income taxes		
<b>Total Noncurrent Assets</b>		
<b>Total Assets</b>		

(The accompanying notes are an integral part of these consolidated financial statements.)

**DOBSON TECHNOLOGIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
December 31, 2016 and 2015

**Liabilities and Stockholders' Equity**

	<u>2016</u>	<u>2015</u>
<b>Current Liabilities:</b>		
Current maturities of long-term debt		
Accounts payable		
Accrued interest		
Other accrued liabilities		
Deferred revenue		
Customer deposits		
<b>Total Current Liabilities</b>		
<b>Long-Term Debt, Less Current Maturities</b>		
<b>Other Long-Term Liabilities:</b>		
Deferred revenue		
<b>Stockholders' Equity:</b>		
Series C Preferred Stock - \$.01 par value, 2,000,000		
shares authorized, 5,000 and -0- shares outstanding,		
liquidation preference of \$1,000 per share		
Common Stock - \$.01 par value, 1,000,000 shares		
authorized, 100,000 shares outstanding		
Additional paid-in capital		
Accumulated deficit		
<b>Total Stockholders' Equity</b>		
<b>Total Liabilities and Stockholders' Equity</b>		

(The accompanying notes are an integral part of these consolidated financial statements.)

DOBSON TECHNOLOGIES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Service revenue		
Other		
Total Operating Revenues		
Operating Expenses:		
Cost of service		
Marketing and selling		
General and administrative		
Depreciation and amortization		
Total Operating Expenses		
Operating Income		
Other Income and Expense:		
Interest income		
Other nonoperating (expense) revenue		
Gain on sale of assets		
Interest expense		
Total Other Expense		
Income Before Income Taxes		
Income Taxes		
Net Income		

(The accompanying notes are an integral part of these consolidated financial statements.)

**DOBSON TECHNOLOGIES, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
For the Years Ended December 31, 2016 and 2015

	<u>Series A Preferred Stock</u>	<u>Series B Preferred Stock</u>	<u>Series C Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, January 1, 2015							
Restatement							
Balance, January 1, 2015, Restated							
Additional Paid-in-Capital/Restructure							
Net Income							
Balance, December 31, 2015							
Sale of Series C Preferred Stock							
Dividends Paid on Preferred Stock							
Net Income							
Balance, December 31, 2016							



**DOBSON TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities:</b>		
Net income		
Adjustments to reconcile net income to		
net cash provided by operating activities:		
(Gain) loss on investments		
Depreciation and amortization		
Amortization of loan origination fees		
Gain on disposition of assets		
Change in assets and liabilities:		
Accounts receivable		
Income taxes refundable		
Prepaid expenses		
Deferred charges		
Deferred income taxes		
Accounts payable, accrued liabilities, and		
other long-term liabilities		
Total Adjustments		
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Distribution from investment in Hedge Fund Portfolio		
Capital expenditures		
Proceeds from sales of assets		
Cost of removals		
<b>Net Cash Used in Investing Activities</b>		
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debt		
Payments on long-term debt		
Payments on capital lease obligation		
Issuance of preferred stock		
Payments of loan origination costs		
Dividends paid on preferred stock		
Capital contribution		
<b>Net Cash (Used in) Provided by Financing Activities</b>		
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents at Beginning of Year</b>		
<b>Cash and Cash Equivalents at End of Year</b>		

(The accompanying notes are an integral part of these consolidated financial statements.)

**DOBSON TECHNOLOGIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies:**

**Basis of Presentation**

In this report Dobson Technologies, Inc. and its wholly-owned subsidiaries are collectively referred to as the "Company" or "we".

The consolidated financial statements include the following companies:

Dobson Technologies, Inc. (DT)  
Dobson Technologies – IT Solutions (DT-ITS)  
Dobson Technologies – Transport and Telecom Solutions (DT-TTS)  
Dobson Telephone Company (DTC)

The accounting policies of the Company conform with generally accepted accounting principles and, where applicable, to the accounting principles as prescribed by federal and state telephone utility regulatory authorities.

Dobson Technologies operates as an incumbent local exchange carrier in western and central Oklahoma through its subsidiary, Dobson Telephone Company (DTC). DTC is regulated by the Oklahoma Corporation Commission (OCC) and follows the Uniform System of Accounts prescribed by the Federal Communications Commission (FCC) with additional guidance and interpretations from the Rural Utilities Service (RUS) and U.S. Department of Agriculture. DTC's regulated telephone operations are subject to the provisions of FASC Topic 980 – Regulated Operations, which requires the recognition of the economic effects of rate regulation. Accordingly, FASC Topic 980 requires DTC to depreciate telephone plant and equipment over useful lives as approved by regulators, which could be longer than the useful lives that would otherwise be determined by management. FASC Topic 980 also requires deferral of certain costs and obligations based upon approvals received from regulators to permit recovery of such amounts in the future. DTC continually reviews the applicability of FASC Topic 980 based upon the developments in the current regulatory and competitive environment. If DTC were to discontinue the application of FASC Topic 980, DTC would be required to write-off its regulatory assets and liabilities and would be required to adjust the carrying value of any property, plant, and equipment that would be deemed unrecoverable. DTC believes it continues to meet the criteria for accounting under FASC Topic 980 and that the carrying value of its property, plant, and equipment is recoverable in compliance with the Uniform System of Accounts prescribed by the FCC.

All significant intra-entity transactions are eliminated in the consolidation process.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Significant estimates that are reasonably possible to change in the near term include the allowance for bad debts, interstate revenues from settlements, and the deferred income tax asset valuation allowance.

Certain reclassifications of the prior year's data have been made to conform to the current year's classification.

**Materials and Supplies**

Materials and supplies are carried principally at the lower of average original cost or net realizable value. Most inventory is used in the construction of our fixed assets and, generally, no gain or loss is recognized upon issuance or write-off.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, we consider all demand deposits, money market funds, and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.



**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies: (continued)**

**Accounts Receivable**

Telecommunications and other trade receivables are reported in the consolidated balance sheets at outstanding principal less any allowances for doubtful accounts. Trade receivables are short-term and interest is not accrued. Telecommunications receivables are written off after the customer has been disconnected for a period of 15 days. Other trade receivables are written off at the time they are deemed uncollectible. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

**Property, Plant, and Equipment**

Telephone plant is stated substantially at original cost. Additions, replacements, and renewals of property determined to be units of property are charged to telephone plant accounts. The replacement of plant determined not to be a unit of property and the cost of maintenance and repairs are charged to operating expense. Normal retirements are charged in total to the accumulated depreciation accounts along with the cost of removal, less salvage, with no gain or loss recognized. Non-telephone property is stated at cost and, when sold or retired, a gain or loss is recognized. Depreciation expense is computed using the straight-line composite method based on estimated service lives of the various classes of depreciable property. The service lives of regulated property are approved by the OCC.

Property, plant, and equipment are reviewed for impairment whenever events or circumstances indicate their carrying value may not be recoverable. When such events or circumstances arise, an estimate of the future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if any impairment exists pursuant to the requirements of FASC Topic 360 – Property, Plant & Equipment. If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value.

**Asset Retirement Obligations**

FASC Topic 420 - Asset Retirement and Environmental Obligations requires that companies having a legal obligation to remove and dispose of assets, recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. Although we have had no legal obligation to remove assets, depreciation rates of certain assets established by regulatory authorities have historically included a component for removal costs in excess of the related estimated salvage value. Regulatory accounting precludes us from eliminating this accumulated liability for removal costs in excess of salvage value even though there is no legal obligation to remove the assets.

**Fair Value Measurements**

In accordance with FASC Topic 820 – Fair Value Measurements and Disclosures, we measure fair value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. We apply a hierarchy that prioritizes the information used to develop assumptions used in determining fair value. The hierarchy contains three levels of inputs: Level 1 – quoted prices in active markets for identical assets or liabilities; Level 2 – observable inputs, such as, quoted market prices of similar assets or liabilities in active markets or for identical assets or liabilities in markets that are not active; and Level 3 – unobservable inputs obtained from our own data. FASC Topic 820 applies whenever other standards require or permit assets or liabilities to be measured at fair value; however, it does not expand the use of fair value in any new circumstances. FASC Topic 820 does not apply to lower of cost or market determinations for inventory and does not eliminate the practicability exceptions to fair value measurements.

**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies: (continued)**

We have not chosen to use fair value measurements unless required to do so by applicable accounting standards.

**Internal Use Software**

We capitalize software developed or obtained for internal use. These capitalized costs are included in property, plant, and equipment. Initial operating system software is amortized over the life of the associated hardware. Application software is amortized over a useful life of three years.

**Income Taxes**

We are subject to both federal and state income taxes. Income taxes are provided based on earnings reported for financial statement purposes. The provision for income taxes differs from the amounts currently payable because of temporary differences in the recognition of certain income and expense items for financial reporting and tax reporting purposes. Deferred income taxes are recognized for the future tax consequences attributable to these differences. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

We file consolidated federal and Oklahoma state income tax returns that include DT and its wholly-owned subsidiaries.

Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The major temporary differences that give rise to the net deferred tax asset are differences for financial and income tax reporting in the depreciable basis, methods and lives of property, plant, and equipment, net operating loss carryforwards, and basis differences of security investments.

In 2016, we elected to early adopt ASU No. 2015-17 which requires that all deferred tax liabilities and assets be classified entirely as noncurrent. We elected to adopt early because we feel that separating deferred tax liabilities and assets results in little or no benefit to the user because the separate classifications do not generally coincide with the time period in which the recognized deferred tax amounts are expected to be recovered or settled. We have applied this change retrospectively which results in a reclassification of a

“Accounting for Uncertainty in Income Taxes” contained in FASC Topic 740 – Income Taxes requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability. We have not identified any uncertain tax positions requiring adjustment or disclosure.



DOBSON TECHNOLOGIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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Note 1 – Summary of Significant Accounting Policies: (continued)

Revenue Recognition

We recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery of the service or product has occurred, (iii) the price is fixed and determinable, and (iv) collectability is reasonably assured. Revenue is reported net of all applicable sales tax.

Accounting Standards Update (ASU) 2009-13 – Multiple-Deliverable Revenue Arrangements, which is codified as FASC Topic 605-25, provides the accounting guidance for our bundled service (multiple-deliverable) arrangements. Our multiple-deliverable arrangements are generally provided at a price below the amount determined on a separate basis. This discount is allocated to the non-tariff service items based on their separate selling prices. All of the services in a package qualify as separate units of accounting. All services are provided and recognized monthly, therefore, the allocation to specific units does not have a material impact on the timing of revenue recognition.

Installation fees do not have value to the customer on a stand-alone basis and are therefore not units of accounting. We recognize revenue from installation fees in the period that the fees are billed rather than amortizing them over the average customer life. The fees are consistent in amount and accounted for consistently so the effect of recognizing revenue in the period billed rather than amortizing is immaterial. Also, costs associated with most installations are expensed when incurred which provides period matching with the revenue.

We collect taxes for various taxing authorities on certain types of revenue producing transactions. It is our position that we are acting strictly as an agent for the taxing authority, whereby, the tax is collected and remitted to the taxing entity. Using the net method to account for these taxes, we do not record the taxes as a revenue or expense.

Regulated ILEC (DTC) Revenue

Revenue is derived from monthly billings to customers for telephone and other services. Revenue is also derived from charges for network access to our local exchange telephone network.

DTC also participates in a revenue sharing arrangement with other telephone companies for interstate revenue. This arrangement includes cost based settlements and a federal universal service fund. Revenues earned through the sharing arrangement are initially recorded based on estimates. Actual interstate revenues are not known until settlement studies are conducted. Adjustments relating to prior periods constitute changes in accounting estimates and resulted in a net decrease in revenue of \$49,330 in 2016 and a net increase in revenue of \$32,337 in 2015. We recognized \$10,086,816 and \$9,968,715 from this revenue sharing arrangement in 2016 and 2015, respectively, which comprised 29 percent and 30 percent of our gross revenue in those years.

DTC bills and keeps intrastate access and long distance revenues. DTC also receives fixed monthly per access line amounts from the Oklahoma High Cost Fund (OHCF).

Revenues derived from local telephone service and special access (principally fixed fees) are billed monthly in advance and are recognized the following month when services are provided.

Transport and Telecom Revenue

Revenue is derived from the following primary sources: i) the sale of transport and data services over our fiber optic network, and ii) monthly billings to customers for DSL and long distance services.

Fiber and data services are sold primarily through a contractual flat monthly fee. The revenue generated by these services is typically billed at the beginning of the month for the coming month's service.



DOBSON TECHNOLOGIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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**Note 1 – Summary of Significant Accounting Policies: (continued)**

Revenue from DSL and long distance services are billed monthly in advance and are recognized the following month when services are provided.

Revenues related to several agreements for indefeasible right to use fiber optic cable are included in the statements as deferred revenue. For contracts in which we provide customers with an indefeasible right to use network capacity, we recognize revenue ratably over the stated life of the agreement (typically 20 years).

**IT Solutions Revenue**

Revenue is mostly derived from outsourced IT management services. Revenue from these services are recognized the month when service is provided.

**Advertising**

We expense advertising costs as they are incurred. These expenses, which are insignificant, include media and other promotional and sponsorship costs.

**Comprehensive Income**

We follow the guidance of FASC 220 - Comprehensive Income. FASC 220 requires the reporting and display of other comprehensive income items which are items that are recorded directly to equity and are not included in net income. We had no other comprehensive income items in 2016 and 2015.

**Cost Method Investments**

Certain investments in securities held by us are not adjusted to market values because those values are not readily determinable and/or the securities are not marketable. However, the carrying values of these cost method securities will be adjusted if we believe that the decline in value below cost is other than temporary. The fair value of the cost method securities is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value. The aggregate carrying amount of the cost method investments was [REDACTED]

**Note 2 – Accrued Unbilled Revenue:**

These amounts include our portion of revenue for toll calls made by customers but not included in the December billing as well as unbilled access revenue.

**Note 3 – Investment in Hedge Fund Portfolio:**

[REDACTED]

**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**Note 3 – Investment in Hedge Fund Portfolio: (continued)**

	<u>2016</u>	<u>2015</u>
Investment in Hedge Funds		
Cash		
Net Assets		
Beginning Balance		
Distributions		
Increase (Decrease) in Asset Value		
Net Assets, December 31		

**Note 4 – Property, Plant, and Equipment:**

Net property, plant, and equipment at December 31, 2016 and 2015 was composed of the following:

	<u>Depreciation Rate (%)</u>	<u>2016</u>	<u>2015</u>
Property, Plant, and Equipment in Service:			
Plant held for future use			
General support			
Central office			
Cable and wire facilities			
Online backup equipment			
Total Property, Plant, and Equipment in Service			
Accumulated depreciation			
Plant Under Construction			
Net Property, Plant, and Equipment			

Depreciation and amortization of property, plant, and equipment was [REDACTED] for 2016 and 2015, respectively.

**Note 5 – Long-Term Debt:**

The Company was indebted to the United States of America – RUS/Rural Telephone Bank (RTB) as follows:

<u>RUS and RTB Mortgage Notes:</u>	<u>2016</u>	<u>2015</u>

**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**Note 5 – Long-Term Debt: (continued)**

	<u>2016</u>	<u>2015</u>
		
Sub-Total		
Less: Current Maturities		
Total RUS and RTB Mortgage Notes		

The RUS and RTB notes were secured by a mortgage on substantially all telecommunications plant owned by DTC.

The RUS and RTB notes included covenants restricting distributions (which are related in general to our net worth, earnings, and assets) and also require the maintenance of certain financial ratios.

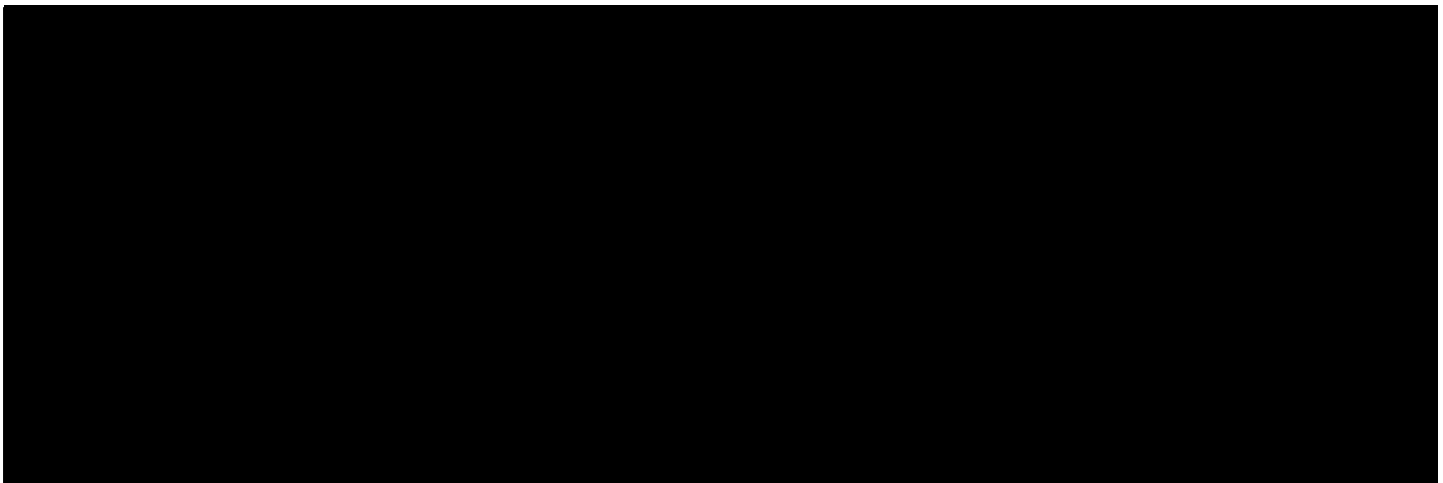
The Company entered into a loan agreement with CoBank in June, 2016, the proceeds from which we used to pay off the above RUS/RTB mortgage notes.

<u>Senior Secured Notes</u>	<u>2016</u>	<u>2015</u>
		

The Senior Secured Notes were secured by a pledge of the outstanding stock held by DT in DTC and DT-TTS. The Pledge Agreement and Indenture contained restrictions as to liquidating dividends, reduction of paid-in capital and sale or transfer of the pledged stock and significant assets.

The Company entered into a loan agreement with CoBank in June, 2016, the proceeds from which we used to pay off the Senior Secured Notes.

**CoBank Loan Agreement**

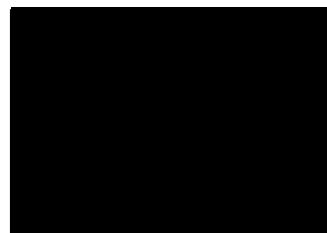

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**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

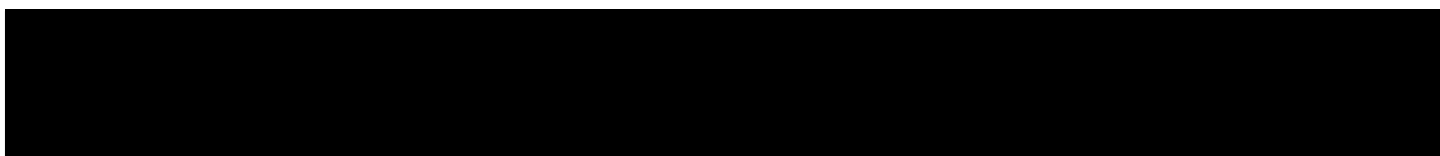
**Note 5 – Long-Term Debt: (continued)**

The principal maturities related to the term loan for each of the five years succeeding the balance sheet date are as follows:

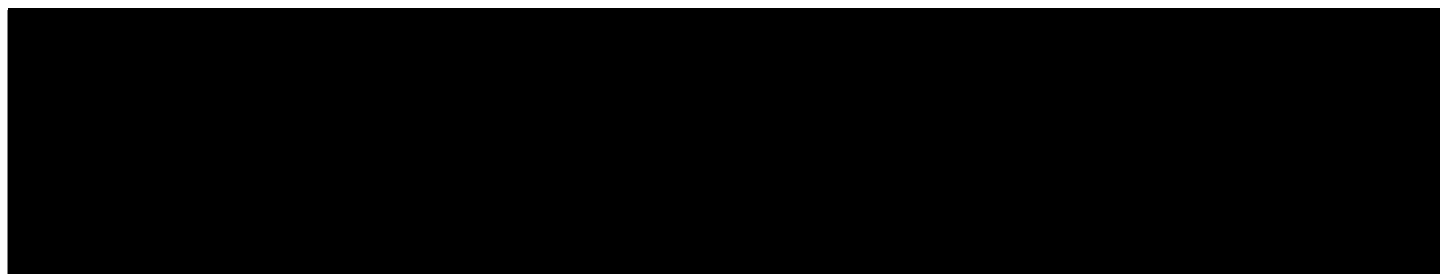
2017  
2018  
2019  
2020  
2021



**Note 6 – Capital Leases:**



**Note 7 – Preferred Stock:**



**Note 8 – Employee Benefits:**

**Savings Plan**

We maintain a 401(k) plan which covers substantially all employees of the Company. We match all contributions up to 4 percent of each employee's salary. Contributions made by the Company totaled



**Note 9 – Income Taxes:**

Deferred tax assets and liabilities result primarily from net operating loss (NOL) carryforwards and differences in the bases of securities investments and depreciation methods and lives used for financial and income tax reporting. The net deferred tax asset includes the following components at December 31:

	<u>2016</u>	<u>2015</u>
Deferred Tax Assets		
Deferred Tax Liabilities		
Valuation Allowance		
Net Deferred Income Tax Assets		

**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**Note 9 – Income Taxes: (continued)**

**Components of income tax expense are as follows:**

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Current</b>		
<b>Deferred</b>		
<b>Total Income Tax Expense</b>		

The provision for income tax differs from the amount calculated using income before taxes at the statutory rate because of permanent differences, changes in prior year tax estimates and changes in the valuation allowance.

We have not identified any uncertain tax positions requiring recognition in our financial statements and we believe that the positions taken would not require settlement at an amount less than full recognition. DT or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and the State of Oklahoma. We are generally no longer subject to State of Oklahoma or U.S. federal income tax examinations by tax authorities for years before 2013.

**Note 10 – Related Party Transactions:**

**We had the following transactions involving shareholders:**

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Interest expense</b>		
<b>Accrued interest payable</b>		

**Note 11 – Risks and Uncertainties:**

DTC services various local telephone exchanges in western and central Oklahoma. DTC is subject to rate regulation by the FCC and the OCC. The telecommunications industry is moving into a competitive environment with new competitors and required restructuring of revenue from access charges and support mechanisms. The subject is controversial and difficult to resolve. Therefore, at this time, the impact of such changes both from Federal and State Commissions cannot be determined.



**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**Note 11 – Risks and Uncertainties: (continued)**

DTC is also subject to audits from federal and state oversight organizations because of its participation in certain high cost funding mechanisms. At this time, DTC does not expect any such audits to have a material effect on the financial statements.

**Note 12 – Additional Cash Flow Information:**

**Cash paid during the year:**

Interest (net of capitalized interest)  
 Income taxes

2016

2015

**Significant noncash transactions:**

None, other than that described in Note 7.

**Note 13 – Concentration of Credit Risk:**

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments, marketable securities and trade receivables. Our policy is to place temporary cash investments with major federally insured financial institutions, to limit the amount of credit exposure to any one financial institution, and to monitor counter parties' credit ratings.

We maintain investment accounts with a stock brokerage firm and major financial institutions. The accounts contain cash and money market funds. The balances with the brokerage firm are insured against theft by the Securities Investor Protection Corporation up to \$500,000 with additional insurance provided by the brokerage firm. Cash balances with financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Money market accounts are subject to loss of principal, although this risk is much lower than with securities.

Concentrations of credit risk with respect to telecommunications accounts receivable are limited due to the large number of customers. Management believes the risk of nonpayment of other accounts receivable to be low based on the nature of the receivables.

**Note 14 – Equity Incentive Plan:**

In 2012, we implemented an Equity Incentive Plan. The Plan is a nonqualified deferred compensation plan. The Plan provides for the grant of an Equity Appreciation Right (EAR). An EAR provides the participant with the right to receive special compensation upon maturity of the EAR. The amount of compensation will be based on the increased value of the Company's common stock from the date the EAR is granted to the date it matures. Each grant of an EAR shall be evidenced by an Award Agreement, and shall be eligible for maturity until the Award expires by its term or the participant's employment with the Company is terminated. Upon maturity of the EAR, the participant shall be entitled to receive compensation of an amount determined by multiplying:

- a. the increase, if any, between the fair market value of a share of Company common stock on the date of maturity as compared to the price fixed at the date of grant; by
- b. the number of shares of common stock attributable to the matured EAR granted to the participant.

**DOBSON TECHNOLOGIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**Note 14 – Equity Incentive Plan: (continued)**

Maturity of the EAR is triggered by the sale or initial public offering of the Company or by termination of the participant's employment by reason of death, retirement, permanent disability or voluntary termination. A four year vesting schedule applies to amounts payable upon termination of employment by reason of death, disability or voluntary termination. Upon voluntary termination, amounts otherwise payable will be reduced by 50 percent. The EARs generally expire within ten years of issuance and no amounts are payable to Plan participants upon expiration.

**Note 15 – Prior Period Adjustment:**

During 2016, management determined that certain errors in capitalizing labor and related costs caused property, plant, and equipment to be understated at December 31, 2015. Accordingly, January 1, 2015 accumulated deficit and the applicable 2015 amounts have been restated in these financial statements. Following is a summary of the line items from the 2015 financial statements that were restated.

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated Amount</u>
Plant in Service			
Accumulated Depreciation			
Net Property, Plant, and Equipment			
Deferred Income Tax			
Total Assets			
Accumulated Deficit			
Total Stockholders' Equity			
Total Liabilities and Stockholders' Equity			
Cost of Service			
Depreciation and Amortization			
Operating Income			
Income Tax Expense			
Net Income			

**Note 16 – Subsequent Events:**

We have evaluated subsequent events through April 28, 2017, the date which the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

DOBSON TECHNOLOGIES, INC.  
COMPARATIVE BALANCE SHEETS  
December 31, 2016 and 2015

	DT		DT-TTS		DTC		DT-ITS	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current Assets:</b>								
Cash and cash equivalents								
Telecommunications accounts receivable								
(net of allowance for doubtful accounts)								
Accounts receivable - affiliate								
Accrued unbilled revenue								
Other receivables								
Income taxes refundable								
Materials and supplies								
Prepaid expenses								
Note receivable - affiliate								
<b>Total Current Assets</b>								
<b>Property, Plant, and Equipment:</b>								
Plant in service								
Plant acquisition adjustment								
Plant under construction								
<b>Total Property, Plant, and Equipment</b>								
<b>Less: Accumulated depreciation</b>								
<b>Net Property, Plant, and Equipment</b>								
<b>Noncurrent Assets:</b>								
Note receivable - affiliate								
Investment in subsidiaries								
Investment in hedge fund portfolio								
Other investments								
Deferred charges								
Deferred income taxes								
<b>Total Noncurrent Assets</b>								
<b>Total Assets</b>								

**DOBSON TECHNOLOGIES, INC.  
COMPARATIVE BALANCE SHEETS  
December 31, 2016 and 2015**

	<b>DT</b>		<b>DT-TTS</b>		<b>DTC</b>		<b>DT-ITS</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current Liabilities:</b>								
Current maturities of long-term debt								
Accounts payable								
Accounts payable - affiliates								
Accrued income taxes - affiliates								
Accrued interest								
Other accrued liabilities								
Deferred revenue								
Customer deposits								
<b>Total Current Liabilities</b>								
<b>Long-Term Debt, Less Current Maturities:</b>								
RUS and RTB mortgage notes								
Senior secured notes								
CoBank mortgage note								
Unamortized loan origination fee								
Note payable - affiliate								
<b>Total Long-Term Debt,</b>								
<b>Less Current Maturities</b>								
<b>Other Long-Term Liabilities:</b>								
Deferred revenue								
Deferred income taxes								
<b>Total Other Long-Term Liabilities</b>								
<b>Stockholders' Equity:</b>								
Series C Preferred Stock								
Common Stock								
Additional paid-in capital								
(Accumulated deficit) retained earnings								
<b>Total Stockholders' Equity</b>								
<b>Total Liabilities and</b>								
<b>and Stockholders' Equity</b>								

**DOBSON TECHNOLOGIES, INC**  
**COMPARATIVE STATEMENTS OF OPERATIONS**  
For the Years Ended December 31, 2016 and 2015

	DT		DT-TTS		DTC		DT-ITS	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Operating Revenues:</b>								
Service revenue								
Other								
Total Operating Revenues								
<b>Operating Expenses:</b>								
Cost of service								
Marketing and selling								
General and administrative								
Depreciation and amortization								
Total Operating Expenses								
<b>Operating (Loss) Income</b>								
<b>Other Income and Expense:</b>								
Interest income								
Other nonoperating revenue (expense)								
(Loss) gain on sale of assets								
Equity in net income of subsidiaries								
Interest expense								
Total Other Income and Expense								
<b>Income (Loss) Before Income Taxes</b>								
<b>Income Tax (Benefit) Expense</b>								
<b>Net Income</b>								

**DOBSON TECHNOLOGIES, INC.**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2016 and 2015

		DT		DT-TTS		DTC		DT-ITS	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities:</b>									
Net income	\$								
<b>Adjustments to reconcile net income</b>									
<b>to net cash provided by operating activities:</b>									
Depreciation and amortization									
Amortization of loan origination fees									
Gain on investments									
Equity in earnings of subsidiary									
Loss (gain) on disposition of assets									
<b>Change in assets and liabilities:</b>									
Accounts receivable									
Accounts receivable - affiliates									
Income taxes refundable									
Prepaid expenses									
Deferred charges									
Deferred income taxes									
Accounts payable, accrued liabilities,									
and other long-term liabilities									
Accounts payable - affiliates									
Accrued income taxes - affiliates									
Total Adjustments									
<b>Net Cash (Used in) Provided by</b>									
<b>Operating Activities</b>									

**DOBSON TECHNOLOGIES, INC.**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2016 and 2015

	DT		DT-TTS		DTC		DT-ITS	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Investing Activities:</b>								
Distribution from investment in Hedge Fund Portfolio								
Proceeds from sales of plant								
Cost of removal								
Capital expenditures								
Repayments from affiliate								
Dividends received from subsidiaries								
<b>Net Cash (Used in) Provided by Investing Activities</b>								
<b>Cash Flows from Financing Activities:</b>								
Payments of long-term debt								
Proceeds from long-term debt								
Payments of capital lease obligation								
Proceeds from long-term debt - affiliate								
Dividends paid								
Issuance of Series C preferred stock								
Payments of loan origination fees								
Additional paid-in capital								
<b>Net Cash Provided by (Used in) Financing Activities</b>								
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>								
<b>Cash and Cash Equivalents at Beginning of Year</b>								
<b>Cash and Cash Equivalents at End of Year</b>								